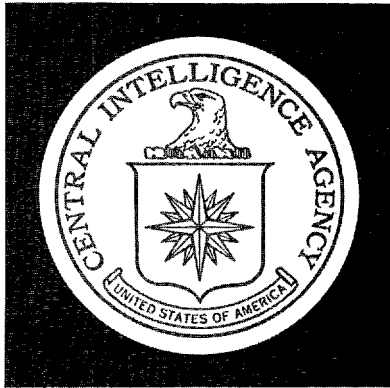


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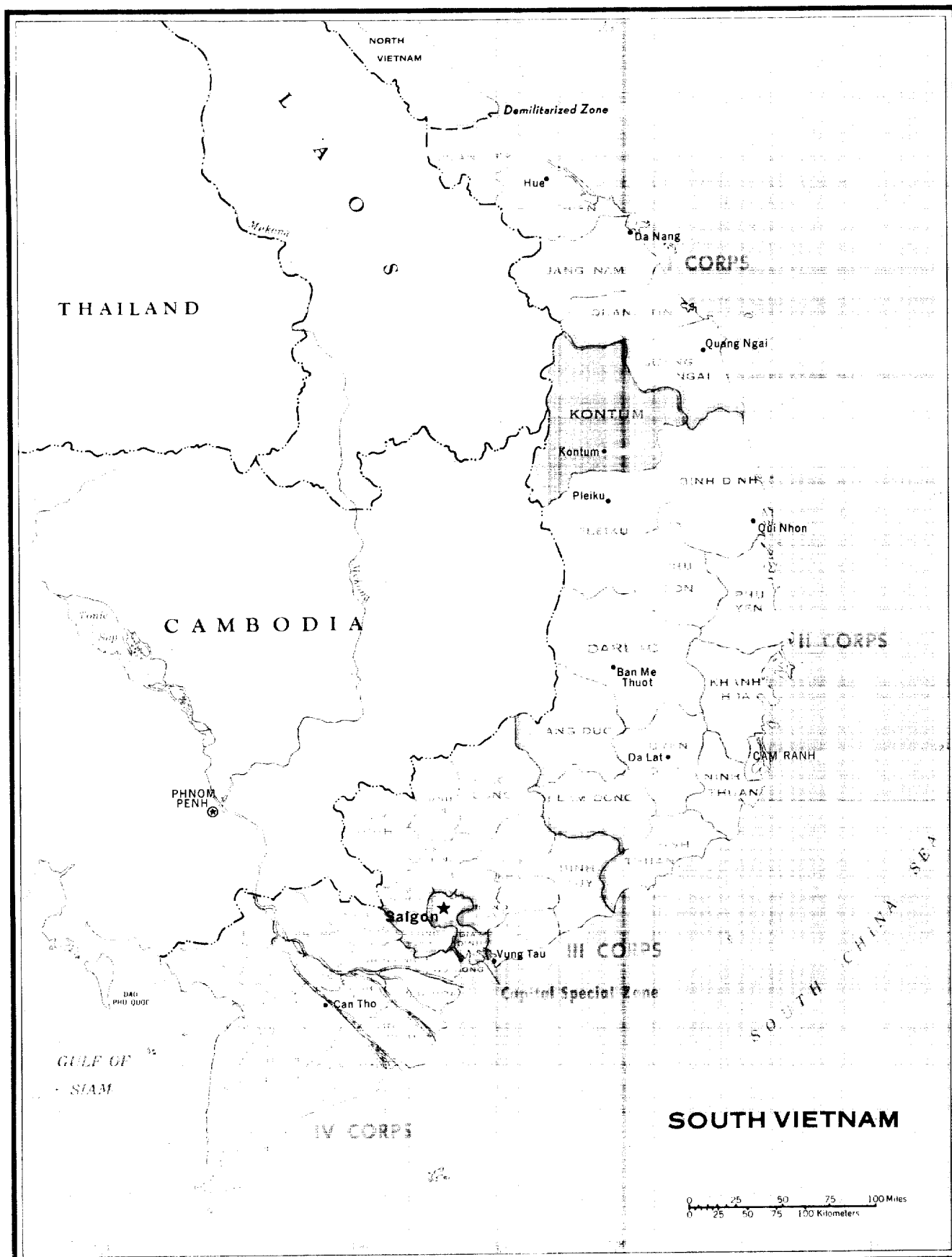
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[South Vietnam: Ground fighting was at a lull in much of the country except for scattered contacts around Saigon and an overnight battle in the delta.

On 23 June, an enemy battalion attacked a US unit conducting operations about 20 miles southwest of the capital in Long An Province. Seven miles north of Saigon, South Vietnamese troops fought a five-hour engagement, apparently with an element of the North Vietnamese 88th Regiment. This may indicate that the 88th has begun to move closer to the city.

Lack of contact with enemy units in western Kontum Province in the highlands suggests that Communist forces have pulled away from earlier threatened targets. Recently captured documents show that allied operations have thwarted at least one planned enemy attack in the area.

* * * *

Prime Minister Huong may be taking steps to free political prisoners such as former presidential peace candidate Truong Dinh Dzu and militant monk Tri Quang. Huong has ordered all cities and provinces to establish special committees to examine all cases of detention which have not yet been "resolved." The order provides that such suspects may be provisionally released under a guarantee by local authorities.

Huong indicated upon assuming office that he would look into the charges against Dzu, Quang, and others picked up during Tet with a view either to freeing them or prosecuting them. President Thieu and some of the military, however, fear that these men could be used by the new alliance formed by the Communists.

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France: The Gaullists and their allies, the Independent Republicans, are anxious to avoid the overconfidence which cost them seats after a favorable first-round election showing in 1967.

On Sunday, the two parties won 43.6 percent of the vote--a six percent increase over 1967--but they want to ensure that the voters turn out in large numbers for the runoff on 30 June. Information Minister Yves Guena has warned that it would be a "fatal error" to regard the elections as virtually settled.

The Gaullists may have to contend with the tendency of some first-round Gaullist supporters to shift their votes in the second round. A number of these voters want a Gaullist majority, but not a landslide.

The center, a declining force in French politics since its poor showing in 1967, dropped an additional 2 1/2 percent. The center's main chance for increasing its representation was to run strongly on the first ballot and thereby hope to profit from withdrawals before the second round.

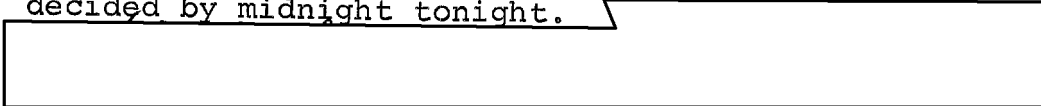
Although both the Communists and the Federation of the Left dropped over two percent from their 1967 showings, they are expected to recoup some of their losses on the second round when they unite behind a single candidate in each constituency.

The failure of the federation to elect any candidates on the first round is not necessarily fatal, as the grouping in 1967 elected only one candidate on the first round, but won an additional 116 seats on the second ballot. Abstentions by extreme left voters who are unwilling to support either a "bourgeois" Communist or federation candidate, however, could cut into the left's vote.

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While the Gaullists and their allies won an unprecedented 142 seats on the first ballot, only 12 opposition candidates managed to obtain the 50 percent of the vote necessary for election in the first round. All withdrawals--usually the result of a complex bargaining process among parties--must be decided by midnight tonight.



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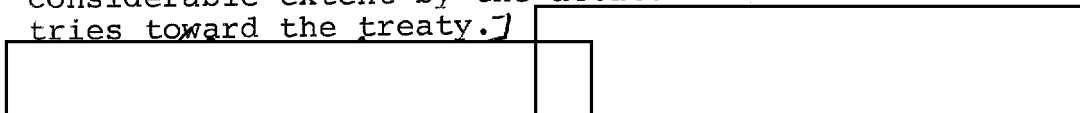
Japan: [Tokyo continues to equivocate over the nonproliferation treaty.]

[The government's announcement on 22 June that it will not join the US, the UK, and the USSR in signing the treaty on 1 July reflects continuing basic reservations and foreshadows further foot-dragging.]

[Upper house elections on 7 July are the immediate reason for the government's attitude. In the heat of the election campaign the Sato administration is trying to avoid the impression that it is subservient to the US. Signing the treaty would give a windfall to the opposition parties, all but one of which are opposed to the treaty as it stands.]

[Fundamentally, however, the Japanese are reluctant to surrender their option to develop nuclear weapons and fear that the treaty will restrict their access to nonmilitary nuclear technology. Even though Japan voted for the UN resolution on the treaty, Tokyo wants to retain the right to develop nonmilitary nuclear explosive devices, an option which the treaty specifically prohibits. More generally, Japan's leaders remain deeply concerned over the long-term threat posed by Communist China's growing nuclear power.]

[Japan's early adherence to the treaty now seems unlikely, although Tokyo will be influenced to a considerable extent by the attitudes of other countries toward the treaty.]



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Ecuador: There is growing nervousness over the outcome of postelection political maneuvering.

Partisans of unofficial president-elect Velasco staged a demonstration last week which forced the Supreme Electoral Tribunal to resume its official tally of the presidential election of 2 June. The count had stopped on 18 June after the discovery of voting irregularities.

Four tribunal members who represent two of the defeated presidential candidates have now resigned. This may be an attempt by the opposition to postpone certification of the election results until after the new congress convenes in early August. The new congress will be dominated by Velasco's opponents and conceivably could deny him the victory.

Velasco has frequently threatened revolution if he is "cheated," and has called on the military to support him. On their side, however, military commanders are frequently reported to be concerned by the turbulence which has followed Velasco's re-emergence in Ecuadorean politics.

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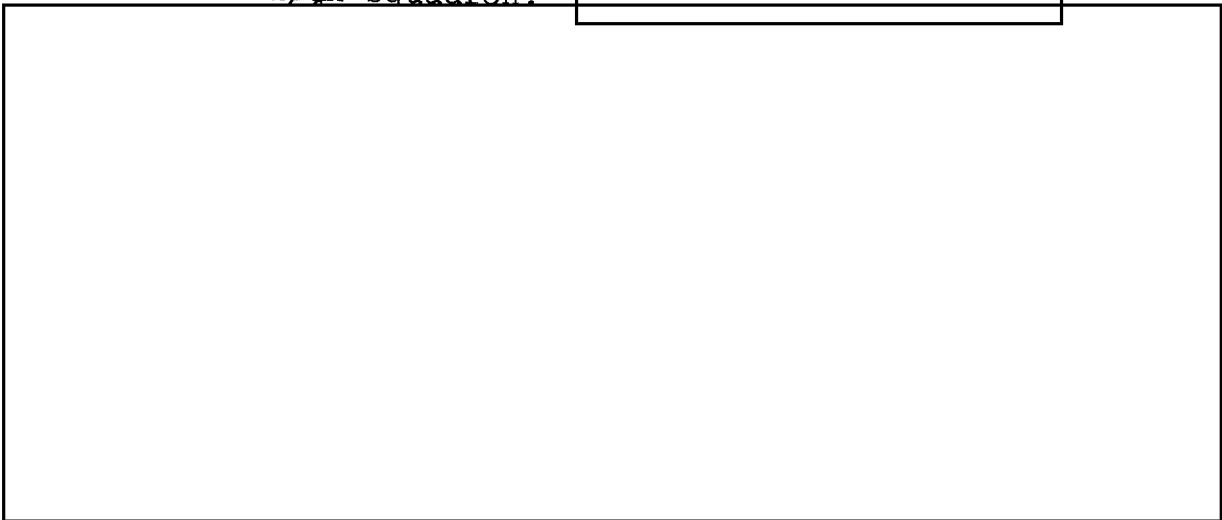
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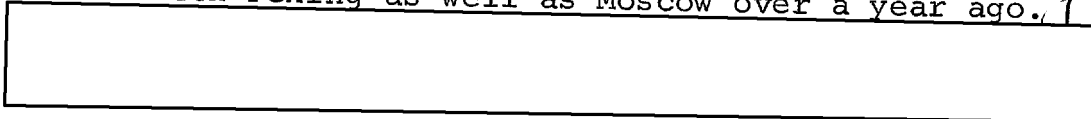
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NOTES

USSR: The Soviets are extending the duration of patrols of diesel-powered submarines in the Mediterranean. Three R-class units now returning to the Northern Fleet spent five months in the Mediterranean. Three other diesel submarines have been there for over three months. The Soviets have been able to stretch out their normal patrol period of two months by making port visits to Egypt and Yugoslavia for crew rest and minor repairs. As a result, fewer submarines are needed to meet the requirements of the Mediterranean squadron.



Tanzania-USSR: A Soviet Air Force team arrived recently in Tanzania to survey existing air facilities in response to Dar es Salaam's request last month for air defense assistance. Tanzania's small air force is now being trained and equipped by Canada for transportation and tactical reconnaissance missions. Dar es Salaam is determined, however, to acquire modern jet fighters and discussed its requirements with Peking as well as Moscow over a year ago. 1



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Warsaw Pact: Some Soviet combat troops have entered Czechoslovakia to participate in the command-staff exercise that began on 20 June. Prague announced on 23 June that a Soviet tank unit has taken up a position in the western part of the country. According to another Prague announcement, motorized rifle units were to move into Czechoslovakia over the weekend. The statement did not indicate the nationality of the rifle units.

Polish, Czechoslovak, East German, and Hungarian forces are also involved in the Pact exercise, which reportedly will be completed by the end of the month.

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Czechoslovakia: The dismissal last week of four deputy ministers of the interior is further evidence that Dubcek intends to remove those appointees of ex-party boss Novotny who will not adjust to the new situation as well as officials compromised by a "Stalinist past." Interior Minister Pavel announced earlier that 250 employees of the ministry had been dismissed because they had been involved in past illegalities. He added that other officials "still do not want to understand the changes in the present wave of democratization." Presumably some of those dismissed on the 21st were among the latter.

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Dominican Republic: More violence could occur at Santo Domingo's Autonomous University. Two students were killed when long-simmering tensions between Communist and Social Christian students erupted into a pitched battle on 21 June. The passive reaction by the leftist university administration to the disturbances could produce pressure on President Balaguer to intervene if further violence develops.

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UK: [The current slowdown by railway workers, combined with the strikes already under way by BOAC pilots and auto workers in some plants, could develop into a threat to Britain's economic recovery program. If the present labor troubles spread and are prolonged, they would lead to a widening of the trade deficit by reducing Britain's exports, further eroding confidence in the economy and possibly bringing on another sterling crisis before the full benefits of the devaluation and other economic measures are felt. The railway dispute may be short-lived, however, as the union has a tradition of trying to avoid lengthy slowdowns.]

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Brazil: Student disorders have subsided in Rio de Janeiro, but tension continues there and in other key cities. Authorities have suspended classes at the Federal University of Rio, but students reportedly plan new demonstrations today and tomorrow. Their recent efforts have been well organized, and they now may be encouraged by the government's failure to call in military forces and by what they regard as growing popular support. The police have been ineffective in their efforts to apprehend leading agitators.

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